

Northern Pass Committee
Meeting #4
City Council Chambers
Tuesday, September 15, 2015
Meeting Minutes—DRAFT

In attendance: Councilor Gail Matson (Chairwoman)
Councilor Candace Bouchard
Councilor Mark Coen
Mayor Pro-Tem St. Hilaire

Staff: Carlos P. Baía, Deputy City Manager—Development
Katherine Temchack, Director of Real Estate Assessment

Meeting called to order at 4:16 pm

1. Approval of the April 28, 2015 Meeting Minutes

Mayor Pro Tem St. Hilaire moved approval; Councilor Bouchard seconded the motion. Motion passed unanimously.

2. Follow –up to Northern Pass’ Responses to the March 30th Questions

Kathy Temchack, City’s Director of Real Estate Assessment, noted that the tax amount presented by Northern Pass is the maximum amount that the City would expect. Based on legal appeals that parent company, Eversource, has entered into across the state, the utility has argued that assessments should be on “net book” method. These appeals currently are at the NH Supreme Court. If Eversource prevails and net book valuation is the method used, that would mean that the assessments on the Northern Pass infrastructure would go down every year.

Councilor Bouchard asked if Ms. Temchack thought Northern Pass’ proposed 1st year value is too high. Ms. Temchack replied that although the proposed assessed value would start out at \$30 million, based on the methodology proposed in Eversource’s appeals, the assessments would be expected to decline every year thereafter.

Councilor Coen asked if the Court denies Eversource’s appeal, would the assessment numbers come in more in line with what we’d expect. Ms. Temchack answered that it would possible for the assessment, in that scenario, to be stable or possibly increase. Ms. Temchack indicated that she would apply the methodology of replacement value minus depreciation. Councilor Coen asked when Ms. Temchack expected a decision from the court. Would it be decided in less than 5 years? Ms. Temchack was uncertain, but felt it would be in less than 5 years.

Councilor Matson asked Ms. Temchack if she was satisfied with Northern Pass' (NP) response concerning the value. Ms. Temchack stated that in terms of new infrastructure once NP is built, she wouldn't imagine that there would be too many additions for the near to mid-term that would increase the value.

Councilor Bouchard asked if the value, using NP's net book approach, would ever go to zero. Ms. Temchack replied that with the exception of the tax rate going up, the value—as presented by NP, will not go up and will likely go down.

Ellen Schaffer, 34 Irving Drive, stated that she found it interesting that the abatement that NP has asked for has cost towns. They have made 70 abatement requests already according to what she's heard. She thinks that this is a "bait and switch." Ms. Schaffer further stated that when she read the comments by Eversource CEO Bill Quinlan at the recent SEC hearing stating that he had not heard from Concord about burial of the lines, she was furious because she has been sending communication. She has since made contacts with her neighbors. She has 170 signatures seeking the lines to be buried. Only 6 people refused to sign. This was done in just a matter of hours. She submitted the petition into the record.

Walter Carlson, 84 Branch Turnpike-Unit 132, informed the committee that he also has a petition with a over 60 signatures seeking burial. He raised a concern regarding the Forward NH plan, noting that the property impact section quoted an expert who does most of his work in Montana where there is less population density.

Mr. Carlson indicated that he has googled property devaluation due to power lines. He cited one writer who had reviewed multiple studies and found a 10-30% loss of value by having power lines next to one's home. Mr. Carlson claimed that McKenna's Purchase pays about \$650,000 in Concord real estate taxes. If they lost 20% in value, it would be a \$130,000 loss from that development. NP estimates that it would pay \$611,000 in taxes but it would depreciate each year. Soon, it would be a net loss to the City. He urged the City to require NP to bury the lines.

Lisa Shapiro, an economist working for NP, stated that she doesn't disagree with what the City's Assessor stated. Ms. Shapiro prepared a chart showing what the NP depreciation might look like over the next 20 years. She assumed an increase in tax rate. Fair market value is the standard. Because this proposal is a regulated piece of property that has limitations NP has looked at using the net book value approach which she presented in the chart.

Ms. Shapiro indicated that the numbers she was presenting are slightly different due to the new route announcement and some changes in cost but still around the \$30 million. NP has put out a broader range for taxes in year 1, due to the fact that the value of the project and the tax rate won't be known until the project is constructed. She also looked at 75% of \$30 million to be conservative.

Ms. Shapiro explained that her chart, entitled “Concord: Illustration of Northern Pass Transmission Local Property Tax Payments” provides some sense as to what the value would be, even under the net book approach to valuation.

Ms. Temchack asked how many years she had utilized for the depreciation schedule. Ms. Shapiro stated that she had relied on a 40 year depreciation at 2% per year.

Mayor Pro Tem St Hilaire posited that, under this methodology, the NP infrastructure would depreciate to zero at some point. Ms. Shapiro explained that from an accounting perspective, yes, but in practice she couldn’t predict that far out. She noted that there are different methods out there to value the property.

Mayor Pro Tem St Hilaire noted that an office building’s value could go up and down but in 40 years it will still have value. It appears that the value of the NP, although perhaps not reaching zero, could be very low in that same time frame. Ms. Shapiro answered that it was too challenging to say.

Mayor Pro Tem St. Hilaire asked what was the valuation of what Eversource currently controls in Concord. Bonnie Kurylo, with Northern Pass, answered that Eversource’s tax payments in 2014 were \$460,000.

Ms. Temchack asked Ms. Shapiro if the NP’s values would be adjusted for inflation. Ms. Shapiro acknowledged that under Ms. Temchack’s proposed methodology of replacement cost less depreciation, there would be some accounting for inflation. The model Ms. Shapiro presented in her chart is strictly the net book value which does not account for inflation.

Councilor Coen asked if the value that Ms. Shapiro is presenting is for all new infrastructure or does it include anything that is out there today. Ms. Shapiro replied that it’s all new.

Len Woodard, 13 Edward Drive, stated that he would like the City to consider what the tax revenue would be if the lines were buried as opposed to overhead.

Bonnie Kurylo, with NP, cited a past comment by Deputy City Manager Baía that the City’s Assessor historically did not attribute a downgrade in assessed value for homes next to power lines. Councilor Coen stated that might be the case with the assessment but wasn’t sure if the market would reflect that as well.

Kelly Normandeau, 56 Sanborne Rd., addressed the committee. She explained that she owns Concord Equestrian Center and pays \$8,000 in taxes for property of which half is under power lines. She has no motivation to make improvements to that portion of the property. If this project is going through, what will happen to the properties when their values decline. She fears that property owners won’t be able to access financing because bank appraisals won’t support the values. She further stated that right across the street from her they are building new homes and the real estate agents don’t know anything about NP relative to those properties. She felt that the direct abutters should be notified by the City when there will be meetings about this. She feels that the City’s NP committee is all a “hush” deal. The voices in the media have been squashed. There is more to all of this. She is opposed to the project

wholeheartedly. But for the rest of the city, burying it is a much better idea. She is not getting a tax break for the power lines going through her property now.

Councilor Bouchard asked if anyone from NP had contacted her. Ms. Normandeau answered that she had received letters from NP stating that the project was in the planning stages. She also acknowledged having signed up on the NP website and receiving, via UPS, the Forward NH Plan. Councilor Bouchard asked if anyone from NP had met with her to walk her property to show her where the poles would go. Ms. Normandeau replied that this had not happened.

Ms. Normandeau explained that she had no idea of the existence of the Council's NP committee. Councilor Coen asked how she got her news. Ms. Normandeau stated that she doesn't subscribe to the newspaper and, instead, will usually get news from TV. Councilor Coen wondered what the City could do differently to get the word out about these meetings as it already does a lot to ensure that the information is out there for the public. Ms. Normandeau stated that perhaps the City could notice abutters directly.

Chris Flynn, lives in Turtle Pond Village, and stated that the NP line ought to be buried. He noted that in April 2014, he saw trucks come in to replace the old Eversource lines with new lines and towers. Mr. Flynn noted that in the 15 years he has lived at his address, he has seen assessments go up and down according to the market. He lives across the street from the pond and has one of the best views. A year and a half ago, one condex sold for \$185,000. Its neighbor recently sold for \$140,000. It wasn't in bad condition but it didn't sell for over a year due to the fear of bigger, taller power lines in front of their eyes. Mr. Flynn was initially opposed to the whole idea of the NP project. It's not going to help Unitil in Concord but realizes that it could help others. If it has to come through Concord, he felt it should be buried.

Mayor Pro Tem St Hilaire remarked that according to a contact at NHDES, burying the lines in the Turtle Pond area would be damaging to the environment. He asked Mr. Flynn for his thoughts on that. Mr. Flynn stated that Eversource should have picked a better spot to put the lines in originally. He indicated that he was not aware of the NHDES opinion that Mayor Pro Tem St. Hilaire cited, but noted that Eversource did a lot of damage to the marshland when they were putting in the poles back in 2014 so he can't imagine that burying it would be any worse for the environment.

Councilor Coen asked who owns those power lines cited by Mr. Flynn. Brian Bosse, with NP, explained that the lines that Mr. Flynn is referring to would be Eversource's lines consisting of two transmission lines plus one distribution line in certain sections.

Dean Wilbur, 99 Oak Hill Road, noted that the Eversource right of way takes up 6.5 acres of his land. He noted that Eversource has been a difficult to deal with for the property owners. His taxes on that 6.5 acres is double the value that Eversource paid for the right of way originally. Mr. Wilbur cited Eversource's recent bad interaction by their contractor and a lack of responsiveness by Eversource employees although he did acknowledge that Mr. Bosse has been responsive.

Mr. Wilbur noted that everyone that drives up his driveway will see the NP infrastructure. He's asked real estate people that have advised him to sell before NP goes through. He concluded that if NP has to go through, it should be put underground.

Joanne Lydell, a neighbor of Mr. Flynn on Turtle Pond, moved to NH 20 years ago from Boston. She picked Turtle Pond because of its proximity to conservation land. She noted that technology exists to bury these lines. She reiterated that Eversource made a mess the last time they were putting in new lines.

Councilor Coen suggested that the committee explain its role to the public in attendance. Councilor Matson stated that the committee was impaneled to gather information as to how this project will affect the city and what recommendations or report it would take to the City Council. The Council can make requests but ultimately the federal government will determine whether or not to accept this project. The City has filed to be an intervenor as many others can do.

Walter Carlson, 84 Branch Turnpike, Unit 132, cited a comment by the Eversource CEO that it was "irrefutable" that burying the lines would be more expensive. Mr. Carlson has challenged this and hasn't seen anything to corroborate it. He noted the details of what would be required to install above ground towers such as construction of access roads, ordering of steel, use of cranes, etc. Mr. Carlson suggests that having this within Turtle pond and any other swamp land is much more detrimental. He suggests burying it along State right of way where there would be far less of an environmental impact. That would be much less complicated and keep them out of environmentally sensitive territory in Concord.

Brian Bosse, with NP, noted that their team is in process of securing pricing for the project which includes aerial and underground installation. In areas where they propose direct current (DC) lines, it would cost \$3 million per mile for an aerial installation but the cost could rise to \$18 million per mile to go underground due to a variety of factors including sub-soil conditions. Councilor Bouchard noted, however, that along the Concord route, specifically the Heights area, the sub-soils are sand. Mr. Bosse explained that in Concord it would be an AC line which has more conductors adding to the cost. Councilor Bouchard replied that in Concord we have the most poles. Ms. Kurylo, with NP, added that NP doesn't have property rights to go underground in Concord within its existing right of way. She noted that they would have to renegotiate the approximately 90 existing easements in Concord and would need to get everyone in agreement. She'd be happy to talk with any abutter.

Ms. Kurylo explained that one other community had also asked to go underground and NP started talking to property owners with whom NP held easements. Ms. Kurylo stated that it was evident that there wouldn't be unanimity in that case. Councilor Coen asked about the idea of using state road right of way in Concord. Mr. Bosse explained that from I-93 and I-393's standpoint, there has to be no other alternative to construct the project before the governing authorities would consider allowing NP to use that same right of way. In addition, if they were allowed to be there, their line would need be so close to the edge of the right of way that it would, in essence, create a brand new path.

Ms. Schaffer, 34 Irving Drive, noted that AC power hums and some of her neighbors expressed concerns about that. Mr. Bosse explained that the new lines would be 2-3 times the voltage of the existing lines and added that the Department of Energy looked at that in the draft EIS and determined that there would be no adverse effect to wildlife and people. NP is also having an expert conduct a study that is showing that same thing. Councilor Bouchard asked if the lines hum. Mr. Bosse answered that some would under certain conditions but that NP has designed the line to have a very quiet audible performance.

Councilor Coen asked how long is the natural gas line along McKenna's purchase in the Eversource ROW. Mr. Bosse answered that it is in their right of way for about a 1,000'. Councilor Coen stated that he understood that an increase in voltage could have impacts on the coatings of the gas pipes even if not buried. He asked Mr. Bosse if he was aware of that. Mr. Bosse replied that this should have been addressed in the original design and that NP will continue to look at the impact but it hasn't been brought up yet.

Kathy Temchack, not speaking as the Assessor but rather as a citizen, stated that her understanding is that there is an additional amount of the line that NP is going to bury up north and it's along I-93. She wondered how that happened there and why.

Mr. Bosse explained that in northern part of the state, the DC line is not along I-93, it is within the right of way of route 3 and other state routes, not the interstate.

Councilor Matson asked if it is a federal law or state statute that precludes NP from building along I-93? Mr. Bosse was not certain and indicated that an NP expert would look into that and provide the committee with an answer.

Mayor Pro Tem St. Hilaire asked how NP managed to secure the State's authorization to locate within their rights of way up north.

Jerry Fortier, with Eversource, explained that they worked with NHDOT to file the pertinent info in the SEC process. Mr. Fortier stated that there is a long-standing practice in NH that utilities can be buried along right of ways. NP has discussed the proposal with NHDOT. Mayor Pro Tem St. Hilaire asked if NP had a "right" to be in the state right of way. Mr. Fortier explained that NP is going to apply for that right. Mayor Pro Tem St. Hilaire reiterated that what Mr. Fortier was stating was that utilities can use state rights of way. Mr. Fortier answered "yes" explaining that it's a long-standing practice.

Walter Carlson, 84 Branch Turnpike, Unit 132, noted that before he moved to Concord, he lived in Deerfield close to Eversource's lines. He could hear the lines humming on warm nights. He added that the DRAFT EIS showed the line, under one alternative, as coming down I-93.

Joanne Lydell, Turtle Pond, asked if NP was saying they can bury lines based on the roads they choose. She wondered why aren't they exploring this option to a greater degree.

Ms. Kurylo, with NP, noted that what NP has heard across the state is that NP needed to pay attention to the view shed in White Mountains and Franconia Notch. That's not to say that they don't continue to

look at concerns elsewhere, but the project need a “balance.” If NP buries the lines throughout state it would add \$1 billion to the project.

Councilor Bouchard asked for an explanation of the Forward NH Fund. Ms. Kurylo explained that it’s a plan for community betterment and economic development that would provide \$200 million over a 20 year period. Eversource would oversee the fund but an external advisory board would make recommendations for what would get funded. Councilor Bouchard suggested that NP use those \$200 million instead to bury the lines. Ms. Kurylo noted that burial would add \$5 million per mile to the project and the \$200 million from the Forward NH Fund wouldn’t be enough for the entire project so they’d have to pick and choose as to who got that and who was left out.

Councilor Coen asked NP to explain the electricity rates expected from this project. Ms. Kurylo noted that, once in service, there would be a savings of \$80 million per year for all of NH. However, she noted that discounted power purchase agreements would only be for Eversource customers. Councilor Matson posited that this would mean that since the majority of the Concord residents are Unitil customers, Concord wouldn’t benefit. Ms. Kurylo reiterated that the power purchase agreements would only be for Eversource customers.

Mr. Fortier interjected, however, that the \$80 million savings would be for all NH customers (not just Eversource). The \$10 million savings via power purchase agreements would only be for Eversource customers.

Paul Worsowicz, attorney representing NP, explained that with more power coming in the price will go down in the region. He noted that with NP up and running, when Unitil bids for energy, there will be a lower price and that will be passed on to the customers. He added that the PUC approves the rate that would be put on the bill. Mayor Pro Tem St. Hilaire asked if that lower cost would be due to more supply or cheaper generation. Mr. Worsowicz stated that it would be due to both. Mayor Pro Tem St. Hilaire noted, however, that Eversource is divesting itself of generation facilities. He asked if Eversource had done a long-range plan showing the impact of this divestiture. Mr. Worsowicz replied that this will be determined during the public hearings at the PUC which Concord is welcome to attend.

Ellen Schaffer, 34 Irving Drive, pondered if NP wouldn’t have to earn money first before they can give customers a rate reduction.

Mr. Worsowicz stated that when this committee was impaneled, NP was asked to discuss what the benefits were to Concord. If the committee now wants to open this up to an analysis of the entire NP model, that would be a different and larger discussion. Mayor Pro Tem St. Hilaire posited that the committee is discussing this in response to what happened just within the last couple of weeks at the Site Evaluation Committee (SEC) hearing.

Marie Rieger, 5 Irving Drive, stated that even if she gets a break on her utility bill, she’ll lose more due to the loss in value to her home stemming from the towers.

Ron Rainer, resident on Rumford St., stated that he was a professional environmental engineer working in NH for nearly 40 years. He noted that he has spent a lot of time on the Department of Energy website going through the visual simulations. He stated that there is deadline to reply to the federal government concerning the Draft EIS. He stressed that it is critical that the committee and Council understand this. He noted that the Congressional delegation has unsuccessfully requested another extension to the public comment period. The City needs to be cognizant of that deadline.

Deputy City Manager Baía stated that based on the information provided on the federal website, the clock started on July 31st. With 90 days, the deadline would be end of October.

Mr. Rainer noted that it makes sense that NP had to go on a state route other than I-93 as he understands the federal constraints. The lattice structure is grotesque. The monopole is more attractive if he were living near the lines. Idealistically he'd like to see all 8 miles in Concord buried however he believes that not going to happen. It's too expensive. He agreed that there needs to be a balance. He suggested that the sub-committee look at the different visual simulations and do the "dirty job" to select what parts of Concord should have an underground line. That will be much more sellable to the federal government and NH SEC. He suggested perhaps undergrounding the line at Portsmouth Street through the Heights by McKenna's Purchase. He explained that the committee would need to look at this in 2000' increments as that's where the "splicing stations" will be.

Mr. Rainer added that the community could ask for lower poles but that would mean more frequent structures. But again, this should be specific locations not just asked for across the board. This line will be built.

Mr. Bosse clarified that the two lattice structures noted by Mr. Rainer have since been replaced with monopole structures. Councilor Bouchard asked how that change came about. Mr. Bosse stated that the lattice and monopole are interchangeable but the lattice are typically easier to install because they are lighter.

Walter Carlson, 84 Branch Turnpike, stated that this project requires a Presidential permit. So he assumes that the President wields power to have the project buried along 93.

The committee now moved on to the review of the view simulations provided by NP.

Councilor Coen asked if the view simulation showing the lattice structure near Loudon Road can be discarded. Councilor Matson concurred that this is what she understood Mr. Bosse to have just stated.

Councilor Matson noted that there is an H-frame structure in one of the visualizations. She asked if that is no longer proposed as well. Mr. Bosse stated that the H-frame is still an alternative because it's the shortest structure.

Michael D'Amante, property owner where the proposed towers would go near Loudon Road, stated that he had met with NP and if the project is to be aerial, he would prefer the monopole.

Mr. Bosse confirmed that the lattice structures will be struck from the plan at Loudon Road. The proposed structure will be a monopole. He acknowledged, however, that if you did use an H-frame, it would be the shortest structure for NP but would require having to rebuild the existing 115 KV line which would have to increase in height.

Mr. Bosse, explained that if one started at Shaw's working south, the next existing four poles are 74', 84', 61' and 70' high today. If an H-frame were used, these lines would end up 115, 120, 95 and 90' in height.

Councilor Matson stated that it did not appear that the H-frame would be a benefit to McKenna's Purchase.

Mayor Pro Tem St. Hilaire asked if NP was using monopoles throughout Concord. Mr. Bosse clarified that Concord is proposed to have all H-frames with the exception of the two monopoles at Loudon Road.

Mayor Pro Tem St. Hilaire noted, however, that the visualization of the proposed NP project for Brenda Court shows new monopoles. Mr. Bosse noted that in Concord, 112 existing structures will be relocated along the entire route, from some portion of the right of way to closer to the edge. Councilor Bouchard asked how close to the structures would the new or relocated poles be. Mr. Bosse explained that the poles would have to meet the national safety code, and that their placement is measured from edge of the right of way internally. For example, he noted that—theoretically—someone could put a building right at the edge of the right of way but NP can only control what's in their right of way. Councilor Matson asked how close is the closest structure to the right of way. Mr. Bosse did not have this information with him but noted that the route map helps illustrate that.

Pat Chaloux, 84 Branch Turnpike, Unit 71, stated that the most obvious thing on the visual simulation is what is omitted. You don't see the power lines that are there today on Brenda Court. He asked what is NP going to do with the existing vegetation. Mr. Chaloux stated that there has been talk that NP will need to clear which is not portrayed in the visualization. Also, there is an earthen berm on the eastern side of the right of way. NP states that it's going to move it to the western side. Mr. Chaloux wondered how NP was going to do that and keep the trees that are there today. Mr. Chaloux also noted that just looking at the picture of Brenda Court one doesn't appreciate the scale and proximity of the right of way to the homes. Some of the buildings are just a few feet away from the right of way.

Mr. Bosse confirmed that the simulations did show an existing tree buffer. The distribution line will be relocated to the far side of the existing right of way in the area portrayed in the visualization. That tree buffer wouldn't be impacted. They agreed to move the existing berm closer to McKenna's acknowledging that it wouldn't make sense to cut the trees.

Councilor Matson indicated that due to the hour, at this point, the committee would need to recess its meeting to a later date.

Deputy City Manager Baía directed the public to the committee's page on the City's website explaining that all the details of the meetings and all the documents that the committee is reviewing, including emails sent to the site, are posted there.

Meeting recessed at 6:45 pm.

Respectfully submitted,

Carlos P. Baía

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